

Exhibit K

Declaration of Lisa J. Cisneros in Support of Plaintiffs’
Opposition Briefs (“Cisneros”), February 6, 2014,
(Dkt. 605)

(Public - redacted under seal portions)

Richard Bechtel

March 7, 2013 Deposition

1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3 SAN JOSE DIVISION
4
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6 IN RE: HIGH-TECH EMPLOYEE)
7 ANTITRUST LITIGATION)
8) No. 11-CV-2509-LHK
9 THIS DOCUMENT RELATES TO:)
10 ALL ACTIONS.)
11 _____)
12
13

14 HIGHLY CONFIDENTIAL
15 VIDEO DEPOSITION OF RICHARD BECHTEL
16 March 7, 2013
17
18

19 REPORTED BY: GINA V. CARBONE, CSR NO. 8249, RPR, CCRR
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10:08:00 1 A. The executive recruiting team.

10:08:05 2 Q. What is discussed when the executive recruiting
10:08:08 3 team discusses offers to be made to candidates?

10:08:12 4 A. And to be clear --

10:08:13 5 MR. TUBACH: Vague and ambiguous.

10:08:16 6 THE WITNESS: To be clear, it's done
10:08:17 7 confidentially, behind closed doors. We deal with these
10:08:21 8 sorts of things all the time and confidentially.

10:08:25 9 Confidentiality within our group is extremely important.

10:08:32 10 So we would discuss things like current base
10:08:39 11 salary, current bonus structure, current amount of
10:08:45 12 outstanding equity. And there are -- there are a lot of
10:08:48 13 details around that that have to be understood. [REDACTED]

10:08:53 14 [REDACTED]

10:09:02 15 [REDACTED]

10:09:06 16 [REDACTED] So those -- those are the sorts of things.

10:09:14 17 We -- we -- we -- we like to have another set of ears
10:09:19 18 and eyes on -- on -- on offers so that we're thinking
10:09:21 19 about them the right way.

10:09:26 20 So that's -- you know, from the candidate side,
10:09:30 21 we would look at that. We would look at peers within
10:09:34 22 the organization that they would be joining. People
10:09:43 23 with similar -- similar titles, teams, responsibilities.
10:09:50 24 We typically there focus on individuals that are doing
10:09:54 25 well. Performance is very important at Apple. So part

10:09:58 1 of the -- part of the conversation with the HR leaders
10:10:00 2 is, hey, we're going to assume this person is going to
10:10:03 3 come in and be successful, who's up here that's been
10:10:08 4 successful within the organization.

10:10:10 5 So that's -- that's some of the collaboration
10:10:12 6 that goes on.

10:10:18 7 MR. DALLAL: Q. When you talk
10:10:20 8 collaboratively about what peers within the
10:10:23 9 organization -- or how peers within the organization
10:10:26 10 are being compensated, does the term "internal
10:10:32 11 equity" ever come up?

10:10:36 12 A. I use the term "internal parity" just to stay
10:10:41 13 away from the term "equity," which can also mean RSUs
10:10:45 14 and options. But internal parity is -- yeah, yes, it
10:10:49 15 does come up.

10:10:52 16 Q. You have no idea how difficult it is to search
10:10:54 17 a document database where internal equity and RSUs are
10:10:59 18 both going on at the same time.

10:11:07 19 MR. TUBACH: We've been going about an hour.
10:11:09 20 You want to take a break?

10:11:10 21 MR. DALLAL: Sure.

10:11:11 22 THE VIDEOGRAPHER: We're going off record at
10:11:12 23 10:11.

10:11:16 24 (Recess taken.)

10:23:15 25 THE VIDEOGRAPHER: We're back on the record at

10:23:17 1 10:23.

10:23:19 2 MR. DALLAL: Q. Welcome back, Mr. Bechtel.

10:23:23 3 A. Thank you.

10:23:23 4 Q. So when we left off there, I believe I just
10:23:25 5 asked you about internal parity, your term. My term was
10:23:30 6 internal equity.

10:23:32 7 A. Yeah.

10:23:33 8 Q. What was your sense of why -- or what is your
10:23:36 9 sense of why internal parity is important to
10:23:39 10 compensation discussions at Apple?

10:23:42 11 A. I think it -- it stems from the idea that
10:23:53 12 people that do like jobs at a similar quality, similar
10:24:02 13 performance, similar size teams should be -- should be
10:24:07 14 paid about the same, within reason. So I think -- I
10:24:12 15 really just think it's as simple as that. It stems from
10:24:17 16 if you do the same work and you do it at the same level
10:24:20 17 and you're the same sort of performers, that we should
10:24:25 18 probably pay you the same, or about the same.

10:24:33 19 Q. Why?

10:24:33 20 A. I don't know. I -- I never asked.

10:24:39 21 Q. Let me ask, in what sense are you using the
10:24:42 22 word "should" in that description?

10:24:48 23 A. Well, you were asking me to characterize kind
10:24:50 24 of the philosophy around it, so that's -- that's why I
10:24:53 25 used "should." It was my best way to -- to -- to

10:24:59 1 capture my -- the philosophy around internal -- internal
10:25:03 2 parity. We could use another word, though.

10:25:09 3 Q. Is it a matter of fairness?

10:25:12 4 MR. TUBACH: Asked and answered.

10:25:14 5 THE WITNESS: Are you asking my opinion? Or
10:25:17 6 are you asking about the company's view of it?

10:25:26 7 MR. DALLAL: Q. Let's start with your
10:25:26 8 opinion.

10:25:28 9 A. Yeah, I suppose. I suppose it's -- it's about
10:25:32 10 fairness and -- and trying to do what's right.

10:25:39 11 Q. And then in your assessment, is fairness a part
10:25:45 12 of Apple's compensation philosophy?

10:25:50 13 A. Repeat that question.

10:25:52 14 Q. In your assessment of Apple's compensation
10:25:54 15 philosophy, is fairness a part of Apple's compensation
10:25:58 16 philosophy?

10:25:59 17 A. I think Apple tries to do the right thing.

10:26:14 18 Q. Do you think that Apple trying to do the right
10:26:16 19 thing involves Apple aspiring to fairness?

10:26:20 20 MR. TUBACH: Vague and ambiguous.

10:26:25 21 THE WITNESS: I don't know if I understand that
10:26:26 22 question. Can you rephrase it.

10:26:33 23 MR. DALLAL: Q. Well, you stated that you
10:26:36 24 think Apple tries to do the right thing.

10:26:39 25 A. Right.

10:26:40 1 Q. And I suppose my question is, is fairness part
10:26:57 2 of trying to do the right thing?

10:27:01 3 MR. TUBACH: Vague and ambiguous.

10:27:07 4 THE WITNESS: I -- I suppose it can be.

10:27:25 5 MR. DALLAL: Q. Is it also a consideration
10:27:27 6 in internal parity that Apple not extend offers to
10:27:38 7 new hires at the executive level with greater
10:27:46 8 compensation than is being paid to successful
10:27:55 9 performers in the job roles for which Apple is
10:28:00 10 hiring?

10:28:00 11 A. I'm sorry, I didn't -- I didn't follow that
10:28:01 12 question.

10:28:17 13 Q. I believe you stated, in sum or substance, that
10:28:23 14 in extending offers to new hires at Apple at the
10:28:30 15 executive level, part of the consideration that goes
10:28:36 16 into coming up with a compensation package is what's
10:28:41 17 being paid to peers who are in that job role?

10:28:48 18 MR. TUBACH: Misstates prior testimony.

10:28:49 19 THE WITNESS: In -- in part, yes, it's that.
10:28:52 20 But it's also people that are performing at a high level
10:28:57 21 and it's scope of -- scope of responsibility. It's a --
10:28:58 22 it's a number of things. Yes.

10:29:03 23 MR. DALLAL: Q. So would it create a
10:29:04 24 problem from the standpoint of internal parity to
10:29:09 25 offer a new hire more in compensation than is being

10:29:13 1 paid to that new hire's peers who have the same job
10:29:21 2 function?

10:29:23 3 A. Yeah. It's -- it's something that -- it's
10:29:24 4 something that we would definitely want to be aware of.
10:29:30 5 We would want to be sensitive to it and we'd want to
10:29:32 6 know why we were paying somebody more coming in than
10:29:40 7 somebody who is, you know, their peer that's performing
10:29:48 8 at a good level. And there have been circumstances that
10:29:55 9 we've done that, but there's been business reasons for
10:29:57 10 it.

10:29:59 11 Q. Well, why would you want to be sensitive about
10:30:03 12 that?

10:30:07 13 MR. TUBACH: Lacks foundation.

10:30:07 14 THE WITNESS: I -- we -- it -- because people
10:30:16 15 that are good employees at Apple, that are doing good
10:30:21 16 work, that are well-respected, and that are performing
10:30:25 17 at a high level, you know, we -- we want to -- we want
10:30:32 18 to make sure we're doing right by them.

10:30:43 19 MR. DALLAL: Q. So is part of the concern
10:30:48 20 in offering new hires more than their peers are
10:30:54 21 presently receiving, that doing so might not be
10:30:59 22 fair?

10:31:02 23 A. I wouldn't feel -- I mean, that -- that's
10:31:06 24 representing it for the -- for the company. I wouldn't
10:31:09 25 feel comfortable representing it for the company. And

10:31:12 1 I've never heard it articulated you know, in terms of --
10:31:15 2 in terms of fairness.

10:31:24 3 Q. Well, is part of the concern in offering new
10:31:27 4 hires more than their peers are presently receiving,
10:31:30 5 that doing so might put pressure on Apple to pay those
10:31:41 6 peers at the level that the new hires are being offered?

10:31:44 7 A. No. No, I wouldn't say that. I think inside
10:31:52 8 the company, we have an excellent compensation
10:31:56 9 department. And part of their metrics is looking
10:32:03 10 externally into the job market and benchmarking
10:32:07 11 against -- against our competitors. So I think we
10:32:12 12 feel -- we feel good about -- about where we are from
10:32:20 13 a -- from an overall base salary and equity award
10:32:24 14 standpoint when we look -- when we benchmark ourselves
10:32:29 15 externally.

10:32:44 16 Q. Are the members of the executive recruiting
10:32:46 17 group generally aware of the market rates being paid in
10:32:52 18 the external market for the types of positions they're
10:32:58 19 filling?

10:32:58 20 MR. TUBACH: Lacks foundation.

10:33:01 21 THE WITNESS: The way we get our external
10:33:05 22 compensation data is from the candidates that -- that we
10:33:09 23 interview and that -- and that we consider for
10:33:11 24 positions.

10:33:20 25 MR. DALLAL: Q. Is there any other way in

11:17:11 1 And I think that's -- that's an important note. It's --
11:17:13 2 it's, for us, about the executives and the quality of
11:17:17 3 the executives and the work that they've done.

11:17:23 4 That's -- that's the most important thing.

11:17:33 5 Q. So to the extent you've been involved in
11:17:35 6 issuing those types of instructions, have you ever been
11:17:40 7 involved in instructing such third-party agencies or
11:17:46 8 consultancies that Apple has engaged not to contact
11:17:51 9 certain companies that Apple regarded as off limits?

11:17:55 10 A. Yeah -- it's -- it's possible. I can't think
11:17:57 11 of a specific example, but it is -- it is possible.

11:18:24 12 Q. Do you recall if from 2005 to the present
11:18:30 13 you've ever been involved in or learned of a situation
11:18:34 14 where a third-party agency or consultancy that Apple had
11:18:40 15 engaged conducted a search that turned up candidates for
11:18:44 16 possible employment at Apple who were presently employed
11:18:48 17 by companies that were on Apple's off-limits list?

11:18:54 18 A. I'm not aware of any.

11:19:09 19 MR. DALLAL: We actually need to switch the
11:19:11 20 video, so this would be a good time for a break.

11:19:14 21 THE VIDEOGRAPHER: We're going off record at
11:19:15 22 11:19. This is the end of video No. 1.

11:19:19 23 (Recess taken.)

11:33:46 24 THE VIDEOGRAPHER: We are back on the record at
11:33:47 25 11:33. This is the beginning of video No. 2.

11:33:52 1 MR. DALLAL: Q. Hello again, Mr. Bechtel.

11:33:54 2 A. Hello.

11:33:56 3 Q. What was your email address at Apple -- what is

11:33:58 4 your address?

11:34:01 5 A. Rbechtel@apple.com.

11:34:05 6 Q. Has that been your email address the whole time

11:34:08 7 since you've been at Apple since your return in 2005?

11:34:11 8 A. Yes.

11:34:16 9 Q. Do you know what SWAT is?

11:34:19 10 A. Yes. It's the nickname of the executive

11:34:23 11 recruiting group.

11:34:26 12 Q. Does it stand for anything?

11:34:29 13 A. No. It's one of -- one of the -- there was a

11:34:35 14 man and a woman that helped start the group, and my

11:34:40 15 understanding is he was from a military background and

11:34:44 16 loved all of the SWAT analogies, as you would imagine.

11:34:49 17 The military -- the military analogies. Putting the,

11:34:53 18 you know, the eye black under the eyes and, you know,

11:34:57 19 and all that. That's -- that's where it comes from.

11:35:01 20 Q. So you use eye black at Apple?

11:35:05 21 A. Not yet.

11:35:10 22 Q. I thought it was a law enforcement thing,

11:35:14 23 Special Weapons and Tactics --

11:35:18 24 A. Yeah.

11:35:17 25 Q. -- but I guess that's -- leave that to one

11:35:22 1 side.

11:35:23 2 So did -- did SWAT have an email alias?

11:35:28 3 A. Yes.

11:35:29 4 Q. What was that?

11:35:30 5 A. I -- you know, I don't know. It's -- it always
11:35:32 6 just auto-populates when I -- when I put SWAT in there.

11:35:34 7 But there's -- there's a SWAT alias.

11:35:39 8 Q. So is it fair to say for the time that you've
11:35:41 9 been back at Apple in 2005 you could just type in
11:35:44 10 S-W-A-T in the to line of your email and it would
11:35:47 11 populate with the current members of the executive
11:35:49 12 recruiting group?

11:35:50 13 A. I believe so. Yeah. I believe that's right.

11:35:52 14 Q. To the extent it was kept up to date --

11:35:54 15 A. Yeah.

11:35:54 16 Q. -- by whoever maintains it?

11:35:58 17 A. Yeah.

11:36:01 18 Q. Since you've been at Apple since 2005, have you
11:36:05 19 been one of the recipients associated with that email
11:36:12 20 alias?

11:36:13 21 A. Yes.

11:36:14 22 Q. So if somebody else put the word "SWAT" in the
11:36:18 23 to line of their email at Apple, you would receive that
11:36:22 24 email?

11:36:23 25 A. Yes.

11:36:53 1 Q. Since you've been back at Apple in 2005, have
11:36:56 2 you and the other members of the executive recruiting
11:36:59 3 group been generally aware of efforts by outside
11:37:07 4 companies to target employees of Apple for recruitment?

11:37:15 5 MR. TUBACH: Lacks foundation.

11:37:18 6 THE WITNESS: Just in terms, maybe, of an
11:37:21 7 article or a blog that I've read on the outside. But --
11:37:23 8 but nothing specifically within Apple.

11:37:35 9 MR. DALLAL: Q. Is there any way within
11:37:36 10 the executive recruiting group that any members of
11:37:39 11 the executive recruiting group attempt to keep
11:37:45 12 themselves apprised of efforts by outside companies
11:37:49 13 to recruit Apple employees?

11:37:52 14 A. None -- none that I would be -- that -- none
11:37:54 15 that I'm aware of.

11:37:59 16 Q. Have such efforts ever been a part of your
11:38:02 17 discussions or conversations around the executive
11:38:04 18 recruiting group at Apple?

11:38:08 19 A. No.

11:38:15 20 Q. Does the executive recruiting group hold
11:38:17 21 regular meetings?

11:38:18 22 A. Yes.

11:38:19 23 Q. With what frequency?

11:38:21 24 A. Typically once a week.

11:38:23 25 Q. Has that been true since you've been back at

11:54:11 1 Q. Any time prior to that?

11:54:15 2 A. No.

11:54:23 3 Q. Do you know if Google was on Apple's off-limits
11:54:28 4 list a year ago?

11:54:31 5 MR. TUBACH: Lacks foundation.

11:54:35 6 THE WITNESS: I don't know.

11:54:43 7 MR. DALLAL: Q. [REDACTED]

11:54:44 8 [REDACTED]

11:54:48 9 [REDACTED]

11:54:50 10 A. [REDACTED]

11:55:16 11 MR. TUBACH: I'll designate the transcript
11:55:17 12 highly confidential under the terms of the protective
11:55:25 13 order.

11:55:26 14 MR. DALLAL: And we'll reserve our rights.

11:55:36 15 Q. Have you ever been involved in a situation
11:55:38 16 where Apple had extended an offer to a candidate to fill
11:55:45 17 an executive search and then the candidate wound up
11:55:56 18 accepting an offer from another company for more money?

11:56:06 19 A. You know, I'm sure I have. It's -- it's not
11:56:12 20 that uncommon to -- to lose a candidate in a -- in a
11:56:18 21 competitive environment. I can't think of one right
11:56:21 22 now, but it's -- it's -- it's not that uncommon in our
11:56:26 23 industry.

11:56:27 24 Q. Happens fairly regularly?

11:56:29 25 A. It -- I wouldn't say fairly regularly at Apple,

11:56:32 1 but it happens from time to time.

11:56:36 2 Q. Does Apple sometimes raise the lever -- level
11:56:40 3 of compensation it's offering after learning of a
11:56:43 4 competing offer from a competitor?

11:56:46 5 A. Yes. That can happen.

11:56:50 6 Q. How would that process work?

11:56:53 7 A. It would -- you know, this is a -- this is a --
11:56:58 8 always a sensitive and emotional time in the -- in the
11:57:02 9 recruiting process, right? You've worked through a
11:57:05 10 really long search to get to the best candidates and
11:57:08 11 you've found somebody that's -- that you think is great,
11:57:12 12 and they've made it through the interview cycle. These
11:57:17 13 searches take an extended period of time.

11:57:22 14 Team comes back, they're all thumbs up, the
11:57:24 15 references check out really, really positively, and, you
11:57:27 16 know, this is the person that you want in the role.

11:57:32 17 And, you know, you -- the recruiter comes up
11:57:34 18 with the recommendation on the compensation package,
11:57:39 19 they work through the different channels of HR and
11:57:43 20 finance and working with the business leader, and
11:57:48 21 everybody agrees that this is -- this is our offer.
11:57:50 22 And -- and we extend the offer.

11:57:56 23 And in a situation like that -- and I'm just
11:57:58 24 speaking hypothetically here -- we find out that there's
11:58:03 25 a competing offer -- in most of those situations, we'll

11:58:06 1 know that the candidate's talking to another company.
11:58:11 2 Sometimes that will be -- that will be factored into or
11:58:14 3 thought about in terms of the initial offer.
11:58:18 4 Sometimes -- you know, sometimes it won't be.
11:58:20 5 There's -- I think there's a good amount of art that
11:58:23 6 goes into -- into this.

11:58:28 7 [REDACTED]
11:58:32 8 [REDACTED]
11:58:34 9 [REDACTED] [REDACTED]
11:58:38 10 [REDACTED]
11:58:43 11 [REDACTED]
11:58:45 12 [REDACTED]
11:58:47 13 [REDACTED] [REDACTED]
11:58:52 14 [REDACTED]
11:58:55 15 [REDACTED]
11:58:57 16 [REDACTED]
11:58:59 17 [REDACTED]
11:59:02 18 [REDACTED]
11:59:08 19 [REDACTED] [REDACTED] [REDACTED]
11:59:13 20 [REDACTED]
11:59:17 21 [REDACTED]
11:59:20 22 [REDACTED] [REDACTED]
11:59:23 23 [REDACTED] [REDACTED]
11:59:26 24 [REDACTED]
11:59:31 25 [REDACTED]

11:59:35 1

[REDACTED]

11:59:36 2

So those -- that's -- those are the different scenarios that can play out.

11:59:55 4

Q. So there are some people at Apple who would think that the opportunity to work at Apple, in itself, is worth accepting a smaller amount in compensation?

12:00:16 7

MR. TUBACH: Vague and ambiguous.

12:00:17 8

THE WITNESS: Yeah. And I -- I didn't -- I didn't say smaller amount of compensation. What -- what I said was the offer that we put together was fair and representative of -- of the scope of the responsibility and -- and where we wanted that person to -- to come in with -- to come in at.

12:00:44 14

But Apple -- Apple's -- to -- to your first point, Apple is a unique company. It's a unique culture. And the way we -- we approach innovation and the way we build products and -- and the way we go after the market, I think, is -- is unique and many of us that have worked there for a long time feel that way.

12:01:10 20

And while it's hard for new -- potential new employees coming in, we want them to come to Apple because they want to be here. And I think hiring managers -- some hiring managers value that.

12:01:49 24

MR. DALLAL: Q. This is another fairly general question, but in performing your duties as a

12:01:50 25

05:41:32 1 everyone," is the account that follows, including the
05:41:42 2 numbered paragraphs 1, 2, and 3, an accurate rendering
05:41:47 3 of the process for extending offers at Apple in mid
05:41:56 4 2009?

05:41:59 5 MR. TUBACH: Objection. Vague and ambiguous.

05:42:09 6 MR. DALLAL: Let me ask a better question.

05:42:12 7 Q. In sum or substance, was the process that you
05:42:14 8 laid out adopted along with Mr. Bentley's suggestion in
05:42:21 9 his email to add a step in which recruiters would make
05:42:29 10 sure that Mr. Bentley was looped in if it's a VP offer?

05:42:37 11 A. Uh-huh. Yeah, I think so. You know, look --
05:42:40 12 looking back on it now, the -- we would want finance's
05:42:45 13 buy-in as well and then -- yeah. And then sharing it
05:42:52 14 with the hiring manager. Yeah.

05:42:56 15 MR. TUBACH: My objection was actually whether
05:42:58 16 you meant this to relate to all of Apple or just to
05:43:00 17 SWAT. If you wanted to clarify.

05:43:07 18 MR. DALLAL: All right. I'm happy to.

05:43:08 19 Q. Was this a -- a process that you laid out for
05:43:12 20 use at SWAT?

05:43:14 21 A. Yes. As -- as noted in the email, the first
05:43:17 22 line. I want to take a moment and quickly review our
05:43:21 23 SWAT process for generating an offer.

05:43:25 24 Q. That clarification is appreciated.

05:43:31 25 I'll call your attention to the

05:43:32 1 paragraph numbered No. 1. Where it reads: "The
05:43:36 2 recruiters come up with a recommended package - all
05:43:39 3 elements. This was the most important part - please
05:43:43 4 continue to use your best logic and judgment on all
05:43:46 5 elements. In a perfect scenario (and they rarely work
05:43:48 6 this way), there would be an objective rationale for
05:43:52 7 each element."

05:43:56 8 Is that generally how the offer process works?
05:44:00 9 That the recruiters would come up with all elements of a
05:44:03 10 recommended package?

05:44:06 11 A. Yes.

05:44:09 12 Q. Then you state: "This is a great time to
05:44:11 13 bounce the numbers off others on the team, look at
05:44:14 14 comparable salaries in the hiring group, (and work with
05:44:17 15 your HRD)."

05:44:24 16 What did you mean by an HRD?

05:44:29 17 A. Human resource director.

05:44:31 18 Q. And when you say "look at comparable salaries
05:44:34 19 in the hiring group," does that statement, in some
05:44:39 20 sense, invoke the principle of internal parity you were
05:44:45 21 describing earlier?

05:44:46 22 A. Yeah. Internal parity under -- assuming
05:44:54 23 they're similar roles, similar scopes, similar title,
05:44:57 24 and similar performance.

05:45:00 25 Q. And then under No. 2, it states: Once you have

05:45:03 1 a recommendation, please run it past me for my okay."

05:45:10 2 A. Uh-huh.

05:45:11 3 Q. So is it fair to say that once this process was
05:45:14 4 adopted, that offers made by SWAT would go through you?

05:45:25 5 A. Yeah. For the most part, yeah.

05:45:31 6 Q. And then on the following page, there is a
05:45:39 7 sentence that reads: [REDACTED]

05:45:45 8 [REDACTED]

05:45:48 9 [REDACTED]

05:45:52 10 [REDACTED]

05:45:54 11 [REDACTED]

05:45:56 12 [REDACTED]

05:45:58 13 A. There are typically guidelines for different
05:46:05 14 executive level hires within the company. [REDACTED]

05:46:09 15 [REDACTED] [REDACTED]

05:46:14 16 [REDACTED].

05:46:16 17 Q. How are those guidelines set?

05:46:18 18 A. They come from our compensation group.

05:46:20 19 Q. Do you know how the compensation group sets
05:46:22 20 them?

05:46:22 21 A. No.

05:46:24 22 Q. Do you know if they consider external market
05:46:26 23 data in setting those guidelines?

05:46:28 24 A. I believe they do.

05:46:31 25 Q. Do you know where they get their external

05:46:33 1 market data?

05:46:34 2 A. [REDACTED]

05:46:40 3 [REDACTED]

05:46:44 4 [REDACTED]

05:46:47 5 Q. And how do you receive guidelines?

05:46:50 6 A. We get them at least once a year and sometimes
05:46:57 7 more frequently.

05:47:00 8 Q. And has the process you just laid out been the
05:47:04 9 way Apple has done things with respect to compensation
05:47:10 10 guidelines since you've been back at Apple in 2005?

05:47:17 11 A. So the way this is laid out here is, I would
05:47:19 12 say, a fair representation of how it's worked since
05:47:22 13 2009.

05:47:24 14 MR. TUBACH: Again, at SWAT you mean?

05:47:26 15 THE WITNESS: Yeah. Within SWAT.

05:47:28 16 MR. DALLAL: Q. Okay. Fair enough.

05:47:38 17 And I had asked how you receive the guidelines,
05:47:40 18 and you said you get them at least once a year. But
05:47:43 19 where do they come from?

05:47:45 20 A. They come from our compensation group.

05:47:49 21 Q. And they email you such guidelines?

05:47:51 22 A. Yeah.

05:47:55 23 Q. And then drawing your attention to the

05:47:57 24 statement, "[REDACTED]

05:47:59 25 [REDACTED]

05:48:04 1 [REDACTED]

05:48:14 2 [REDACTED] ?

05:48:21 3 MR. TUBACH: Vague and ambiguous.

05:48:25 4 THE WITNESS: [REDACTED]

05:48:26 5 [REDACTED] [REDACTED]

05:48:31 6 [REDACTED]

05:48:33 7 [REDACTED].

05:48:35 8 MR. DALLAL: Q. [REDACTED]

05:48:36 9 [REDACTED]

05:48:39 10 A. [REDACTED].

05:48:42 11 Q. And was it relatively rare -- excuse me.

05:48:47 12 Strike that.

05:48:47 13 [REDACTED]

05:48:50 14 [REDACTED]

05:48:54 15 A. [REDACTED] [REDACTED]

05:48:57 16 [REDACTED]

05:49:02 17 [REDACTED]

05:49:10 18 [REDACTED]

05:49:16 19 [REDACTED]

05:49:17 20 MR. DALLAL: Please mark this as the next

05:49:18 21 exhibit.

05:49:31 22 (Whereupon, Exhibit 1679 was marked for

05:49:31 23 identification.)

05:49:33 24 MR. DALLAL: Q. I've handed you what's

05:49:55 25 been marked as Exhibit 1679. It is a multipage

05:50:00 1 document beginning with 231APPLE051494 going through
05:50:08 2 051501. And let me know when you've had a moment to
05:50:18 3 look that over.

05:51:33 4 A. Okay. I'm ready.

05:51:34 5 Q. Do you recognize this document?

05:51:35 6 A. I don't.

05:51:37 7 Q. Can you tell me what it is?

05:51:38 8 A. Yeah. It's a document -- it's a number of
05:51:44 9 emails with an attachment that has our recommended
05:51:50 10 guidelines for equity grants, both for promotion and new
05:51:56 11 hire. And then the email has the -- the instructions
05:52:01 12 coming from compensation.

05:52:05 13 Q. The compensation group at Apple?

05:52:07 14 A. Yeah.

05:52:09 15 Q. And just for clarity's sake, it's possible it
05:52:15 16 could be more than one PDF attachment?

05:52:17 17 A. Yeah, it's possible.

05:52:26 18 Q. Did you receive this email?

05:52:27 19 A. I -- I assume I did.

05:52:32 20 Q. Due to your email address being listed there?

05:52:35 21 A. Yes.

05:52:35 22 Q. Do you know who Deborah Murai House is?

05:52:38 23 A. Yes.

05:52:39 24 Q. Who is she?

05:52:40 25 A. She works in our compensation group.

1 I, Gina V. Carbone, Certified Shorthand
2 Reporter licensed in the State of California, License
3 No. 8249, hereby certify that the deponent was by me
4 first duly sworn and the foregoing testimony was
5 reported by me and was thereafter transcribed with
6 computer-aided transcription; that the foregoing is a
7 full, complete, and true record of said proceedings.

8 I further certify that I am not of counsel or
9 attorney for either of any of the parties in the
10 foregoing proceeding and caption named or in any way
11 interested in the outcome of the cause in said caption.

12 The dismantling, unsealing, or unbinding of
13 the original transcript will render the reporter's
14 certificates null and void.

15 In witness whereof, I have hereunto set my
16 hand this day: March 19, 2013.

17 _____ Reading and Signing was requested.

18 _____ Reading and Signing was waived.

19 ___X___ Reading and signing was not requested.

20

21

22

23

GINA V. CARBONE

24

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25